

Property Insurance Replacement Costs

Guidelines for the 2021 estimated replacement costs per square foot for school buildings are as follows:

- Elementary schools \$262.70
- Middle schools \$265.78
- High schools \$274.69
- Vocational schools \$242.05
- Central offices \$222.39
- Storage buildings \$147.21
- Bus garages \$203.13

Structures in the following categories shall be insured at 100% replacement value as determined and agreed upon by the local board of education upon consultation with their insurance provider as follows:

- Ancillary structures such as temporary/modular or portable classrooms, greenhouses, head houses, barns, dugouts, press boxes, and sheds

Carefully review 702 KAR 3:030, especially Section 1, which requires that “Each such building and its contents shall be insured for an amount equal to 100 percent of the replacement cost thereof as shown on the schedule of values, and each policy covering such buildings and contents shall provide an agreed amount endorsement. The replacement cost of the building shall include the increased cost of construction brought about by code and regulatory changes that have occurred since the original structure was built and which would be required to be incorporated within the rebuilt structure.”

*Due to the uncertainty created by the COVID-19 pandemic, KDE did not change the 2020 estimated replacement costs from those provided for 2019. Consequently, the 2021 estimated replacement costs are 8% more than the 2019 costs. Although this represents a substantial increase, please be advised that it does span a two-year period that included this unprecedented event. To provide these projected costs for 2021, in addition to the historical construction cost data provided by R. S. Means for 2020 and in response to the bids received for recent capital construction projects, KDE has also considered the following:

- Associated General Contractors of America (AGC) 2021 Q1 publication titled “Construction Inflation Alert”
- Building Design + Construction February 23, 2021 Market Data
- Construction Analytics April 16, 2021 update “2021 Construction Inflation”
- Federal Reserve Economic Data Data (FRED) “Producer Price Index by Industry: New School Building Construction”